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SACHI A. HAMAI
Chief Executive Officer

October 27, 2015

To: Supervisor Michael D. Antonovich, Mayor
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
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From: Sachi A. Hamai
Chief Executive Officer

WASHINGTON, D.C. UPDATE ON HOUSE PASSAGE OF BUDGET RECONCILIATION BILL TO REPEAL PARTS OF THE AFFORDABLE CARE ACT

Executive Summary

This memorandum is to inform the Board that, on October 23, 2015, the House passed H.R. 3762, a Federal Fiscal Year (FFY) 2016 budget reconciliation bill, which would repeal parts of the Affordable Care Act (ACA) and defund Planned Parenthood for one year. **The bill will not be enacted because the President has indicated that he would veto it, and there are sufficient votes in both houses to sustain his veto.**

FFY 2016 Budget Reconciliation Bill (H.R. 3762)

On October 23, 2015, the House passed, 240 to 189, H.R. 3762, a FFY 2016 budget reconciliation legislation, which would repeal parts of the ACA and defund Planned Parenthood for one year. All but seven Republicans voted to pass the bill while all but one Democrat voted against it. H.R. 3762 would repeal the following ACA provisions:

- Employer mandate that an employer with 50 or more full-time employees provide health insurance or pay a penalty fee to the Federal government;

- Auto-enrollment mandate that an employer with 200 or more full-time employees automatically enroll new full-time employees into employer-sponsored health coverage if the employee fails to choose another employer plan or declines coverage;

- Individual mandate that an individual buy health insurance or pay a penalty fee to the Federal government;

- Prevention and Public Health Fund for which $1 billion is annually appropriated in FFYs 2016 through 2017, $1.25 billion in FFYs 2018 and 2019, $1.5 billion in FFYs 2020 and 2021, and $2 billion in subsequent years to fund prevention, wellness, and public health services under current law;

- Excise tax of 40 percent on high-cost employer-sponsored health insurance premiums and benefits, which is scheduled to take effect in 2018; and

- Excise tax of 2.3 percent on the sale of medical devices.

Before passing H.R. 3762, a provision to eliminate the ACA's Independent Payment Advisory Board (IPAB) was removed from the bill because it could increase the Federal budget deficit after FFY 2025 and make the bill subject to a "Byrd rule" challenge, which would require a 60-vote majority to overcome. Under the ACA, the IPAB would reduce the budget deficit by making recommendations to reduce Medicare spending that take effect if Medicare spending exceeds a targeted growth rate unless legislation is enacted to reduce Medicare spending by the same amount. The Congressional Budget Office estimates that, if the IPAB is eliminated, the resulting loss in Medicare cost savings would increase the budget deficit after FFY 2025.

Legislative Outlook

As a budget reconciliation bill, H.R. 3762 can pass the Senate with a simple majority vote, but it is not certain that there are 50 Republican votes to pass the bill if all Democrats and Independents, as expected, vote against it. Three of the 54 Republican Senators have announced that they will oppose the bill unless it is amended to repeal the entire ACA. However, legislation to repeal the entire ACA would not qualify as a budget reconciliation bill and, therefore, require an unattainable 60-vote majority for Senate passage. More than one Republican senator also might oppose the bill due to opposition to its defunding of Planned Parenthood. In September, several Republican Senators voted to block a short-term FFY 2016 Continuing Resolution (H.J. Res. 61) that would have defunded Planned Parenthood. Even if H.R. 3762 passes the Senate, it is certain that the President would veto the bill and that there are more than the one-third of votes in either house needed to sustain the veto.

We will continue to keep you advised.

SAH:JJ:MR
MT:gl

c: All Department Heads